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CONSUMER EXPENDITURES IN THE NEW YORK – NORTHERN NEW JERSEY AREA 2000-2001

Consumer units in the New York–Northern New Jersey metropolitan area spent an average of \$48,237 per year in 2000-2001, a 9.6 percent increase from the 1998-1999 average, according to the latest results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Michael L. Dolfman noted that this figure was 24.3 percent higher than the average expenditure level for a typical household in the United States of \$38,796.

Not only did households in the New York area spend more than the U.S. average, but they also distributed their dollars differently. Housing was the largest component of consumer's expenditures accounting for 37.1 percent of the budget in New York, well above the 32.6 percent allocated nationally. The cost of apparel and services also accounted for a higher share of household spending in New York (6.2 percent) compared to the nation (4.6 percent).

In contrast, a typical household's expenditures for transportation in New York accounted for 15.1-percent of the budget, notably lower than the national share of 19.4 percent. The cost for out-of-pocket health care expenses (health insurance premiums, medical services, medical supplies, and prescription and nonprescription drugs) in the New York area was almost identical with spending at the national level--\$2,128, but the expenditure shares represented by the actual cost were different. Medical care expenses accounted for 4.4 percent of total spending in New York, but 5.5 percent nationwide

Among other major expenditure categories in the New York area, the proportion of consumer spending allocated to food, 13.3 percent, and entertainment, 4.5 percent, was roughly in line with the proportion spent nationally.

Metropolitan Area Characteristics

The cost of housing in the New York area averaged \$17,893 in 2000-2001, 41.3 percent above the national average of \$12,666. The housing category includes expenditures for shelter, fuel and utilities, and household furnishings, among other things, New York households spend almost two-thirds (65.0



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percent) of their housing dollars on shelter, which includes both owned and rented dwellings. Nationally, households spent a smaller share of the cost of housing on shelter (58.1 percent). The very high cost of housing and shelter in particular, clearly represents a distinguishing feature of the New York metropolitan area, especially when compared to the second largest expenditure category - transportation. New Yorkers spent \$7,295 on transportation, about the same dollar amount as a typical U.S. consumer, however, the expenditure share this amount represented in the metropolitan area as already noted, was much smaller than the national percentage.

Housing expenditure comparisons with other very large metropolitan areas across the country can place New York spending patterns in clearer perspective. Major metropolitan areas tend to have higher than average housing costs. Among the top five areas ranked by population size - New York, Los Angeles, Chicago, San Francisco and Washington, D.C. - the amount spent on housing ranged from a high of \$20,877 in San Francisco to \$16,937 in Chicago. The expenditure shares for housing in these five areas were also well above the proportion allocated nationally (32.6 percent). The proportion of the budget spent on housing in San Francisco and Washington, D.C., at 37.2 and 37.3 percent, respectively, was essentially the same as New York's and among the highest in the country.

The distribution of these housing dollars by metropolitan area showed a bit more variation. New Yorkers spent \$11,624 per consumer unit for shelter, second only to San Francisco (\$13,795). All five areas spent at least \$2,900 more than the national cost of \$7,359 for shelter, which translated into the higher than average expenditure shares. San Francisco households spent a high of 66.1 percent of the cost of housing for shelter, followed by New Yorkers at 65.0 percent. Chicago was lowest among the six at 61.0 percent. Still larger differences in expenditure shares emerged between areas when ownership of the dwelling was taken into account. Only 20.1 percent of all shelter costs in Chicago were for rented dwellings and 70.6 percent for owned dwellings; this compared to 34.9 percent rental and 60.1 percent owned in Los Angeles. Nationally, 28.3 percent of all shelter costs are spent on rented dwellings and 65.1 percent on those residence that are owned. Rental shares also exceeded the national percentage in New York and San Francisco, with both averaging about one-third of the expenditure of shelter. Not surprisingly, the three metropolitan areas with an above average expenditure share on rented units-Los Angeles, New York and San Francisco, also had the lowest rate of home ownership at 54, 55 and 60 percent, respectively. It should be noted that differences in the characteristics of the housing and rental units in these five areas can account for some of the differential in the cost of shelter, whether in dollar amounts or by expenditure shares.

The New York area consumers also spent a large portion of their household budget on apparel and services (6.2 percent) than did the average consumer unit (4.6 percent). With expenses averaging \$3000, the expenditure share for clothing was higher than in any of the other metropolitan areas ranging from 4.1 percent in Washington, D.C. to 5.4 percent in Chicago. This difference reflects, in part, New York's role as an international fashion center, as well as a workforce heavily represented by professional specialty and technical workers.

While housing and clothing costs represent a higher portion of total spending in these larger metropolitan areas, other expenditure shares fell below the national average. The cost of transportation in the five areas studied were cases in point, as all spent a smaller than average proportion (19.4 percent) of their budget on this item. Among the five metropolitan areas, the transportation share was highest in Los Angeles at 17.9 percent and lowest in New York at 15.1 percent.

Households in the New York area spent the largest share of their transportation budget on public transport (13.4 percent) which includes buses, cabs, subways, and one of the smallest shares on vehicle purchases (38.1 percent). These differences can be attributed in part to New Yorkers averaging the lowest number of vehicles per household, 1.4. Los Angeles area residents, on the other hand, averaged 1.8 vehicles per household, close to the national average of 1.9, and allocated the smallest share to public transportation 6.5 percent. Even so, households in Los Angeles spent a higher percentage of their transportation dollars on public transport than did the nation as a whole (5.5 percent).

Some major expenditure categories in the New York metropolitan area showed little variation with the national average. For example, the proportion of the household budget spent on food in the New York area, 13.3 percent, was about the same as the national expenditure share of 13.5 percent. The similarity also extended to how the food budget was distributed. Interestingly, New York households spent 41.7 percent of their food budget on food prepared away from home, such as restaurant meals, carryout, and catered affairs, the same as the typical U.S. consumer.

In the other four metropolitan areas, the budget share for food was below that for the nation, reaching a low of 11.5 percent in the Washington, D.C. area. However, all of these areas spent more of their food dollars on food purchased away from home, with Washington, D.C. topping the list at 48.1 percent.

Consumer expenditure data should not be interpreted as a measure of the cost of living. Cost of living studies would require pricing similar bundles of goods and services in all areas. Data from the survey show actual consumer expenditures without regard to standard of living. The level and pattern of consumer expenditures may vary because of differences in prices, family income, climate, and consumer taste, as well as differences in the demographic composition of the population as a family size, marital status, age, and ethnicity.

Technical Notes

The current Consumer Expenditure Survey (CES) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a Diary or recordkeeping survey, and an Interview survey. The Diary survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased smaller items. The Interview survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Bureau of the census collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview sample is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996. The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with specified characteristics, regardless of whether a particular unit incurred an expense for a specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, income level, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors.

Geographical Areas

The Metropolitan Statistical Area (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed in this release:

The New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA consists of the counties of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, and Westchester in New York State; Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth,

Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties in New Jersey; Fairfield County and parts of Litchfield, Middlesex, and New Haven Counties in Connecticut; and Pike County in Pennsylvania.

The Boston-Worcester-Lawrence, MA-NH-ME-CT CMSA consists of Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk and Worcester counties in MA, Hillsborough, Merrimack, Rockingham and Stafford counties in New Hampshire, York County in Maine and Windham County in Connecticut.

The Chicago-Gary-Kenosha, IL-IN-WI CMSA consists of Cook, DeKalb, DuPage, Grundy, Kankakee, Kane, Kendall, Lake, McHenry, and Will Counties in Illinois; Lake and Porter in Indiana; Kenosha in Wisconsin.

The Los Angeles-Riverside-Orange County, CA CMSA consists of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties in California.

The San Francisco-Oakland-San Jose, CA CMSA consists of Alameda, Contra Costa, Marin, Napa, Santa Clara, Santa Cruz, San Francisco, San Mateo, Solano, and Sonoma Counties in California.

The Washington, DC-MD-VA-WV PMSA consists of the District of Columbia; Calvert, Charles, Frederick, Montgomery and Prince George's Counties, in Maryland; Arlington, Clarke, Culpeper, Fairfax, Fauquier, King George, Loudoun, Prince William, Spotsylvania, Stafford, and Warren Counties, and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park cities in Virginia; and Berkeley and Jefferson Counties in West Virginia.

Definition

Consumer unit: members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two of more persons living together who share responsibility for at least 2 out of 3 major types of expenses – food, housing and other expenses. The terms household or consumer unit are used interchangeably for convenience.

Complete income reporter: in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

Expenditures: consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview of recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases of portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

Income before taxes: the combined income earned by all consumer unit members aged 14 or older during the 12 months preceding the interview.

Table 1. Average annual expenditures, United States average and selected large metropolitan areas, Consumer Expenditure Survey, 2000-01

Item	United States Average	New York	Boston	Chicago	Los Angeles	San Francisco	Washington D.C.
Average annual expenditures	\$38,796	\$48,237	\$37,740	\$47,042	\$45,227	\$56,112	\$48,192
Food	5,240	6,408	5,297	5,688	5,737	6,966	5,545
Food at home	3,053	3,740	3,111	3,230	3,207	3,902	2,876
Cereals and bakery products	453	571	442	506	437	592	456
Meats, poultry, fish, and eggs	812	1,101	881	823	906	999	665
Dairy products	328	392	333	332	352	384	308
Fruits and vegetables	521	712	557	573	600	751	557
Other food at home	939	964	898	996	911	1,177	890
Food away from home	2,186	2,669	2,186	2,458	2,529	3,064	2,669
Alcoholic beverages	360	450	389	431	412	744	434
Housing	12,666	17,893	13,754	16,937	17,106	20,877	17,973
Shelter	7,359	11,624	8,889	10,334	10,975	13,795	11,245
Owned dwellings	4,791	7,180	5,308	7,291	6,591	8,351	7,607
Rented dwellings	2,084	3,763	3,006	2,081	3,829	4,671	2,590
Other lodging	483	681	575	962	555	772	1,047
Utilities, fuels, and public services	2,628	2,885	2,566	3,130	2,500	2,548	2,864
Household operations	680	1,084	671	925	1,082	1,465	1,104
Housekeeping supplies	496	542	395	590	468	575	497
Household furnishings and equipment	1,503	1,757	1,233	1,958	2,080	2,494	2,263
Apparel and services	1,799	3,000	1,698	2,539	2,066	2,775	1,998
Transportation	7,526	7,295	6,342	8,189	8,104	9,492	7,647
Vehicle purchases (net outlay)	3,499	2,776	2,332	3,739	3,062	4,206	3,036
Gasoline and motor oil	1,285	1,044	1,080	1,284	1,525	1,519	1,301
Other vehicle expenses	2,329	2,497	2,395	2,346	2,988	2,834	2,449
Public transportation	413	977	536	820	530	932	861
Health care	2,124	2,128	1,983	2,136	1,905	2,170	2,285
Entertainment	1,909	2,183	1,754	2,317	1,968	2,383	3,033
Personal care products and services	524	656	455	612	622	612	632
Reading	144	195	193	158	148	266	205
Education	640	974	894	1,019	721	1,086	599
Tobacco products and smoking supplies	313	289	369	315	194	224	201
Miscellaneous	763	1,317	556	899	996	1,000	917
Cash contributions	1,237	1,353	666	2,211	1,172	1,486	1,419
Personal insurance and pensions	3,552	4,097	3,388	3,591	4,077	6,031	5,304

Table 2. Average annual expenditures and characteristics of all consumer units, U.S. average and selected large metropolitan areas, Consumer Expenditure Survey, 2000-01

Item	United States Average	New York	Boston	Chicago	Los Angeles	San Francisco	Washington D.C.
Consumer unit characteristics:							
Income before taxes*	\$46,139	\$58,993	\$50,430	\$56,091	\$53,514	\$70,237	\$48,192
Age of reference person	48.1	49.4	48.1	48.4	47.3	47.4	48.1
Average number in consumer unit:							
Persons	2.5	2.6	2.5	2.7	2.9	2.5	2.5
Children under 18	0.7	0.7	0.7	0.8	0.8	0.6	0.6
Persons 65 and over	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Earners	1.4	1.4	1.4	1.5	1.4	1.4	1.4
Vehicles	1.9	1.4	1.6	1.7	1.8	1.8	1.8
Percent Homeowner	66	55	59	68	54	60	70
Average annual expenditures	\$38,796	\$48,237	\$37,740	\$47,042	\$45,227	\$56,112	\$48,192
Food							
Food at home	5,240	6,408	5,297	5,688	5,737	6,966	5,545
Cereals and bakery products	3,053	3,740	3,111	3,230	3,207	3,902	2,876
Meats, poultry, fish, and eggs	453	571	442	506	437	592	456
Dairy products	812	1,101	881	823	906	999	665
Fruits and vegetables	328	392	333	332	352	384	308
Other food at home	521	712	557	573	600	751	557
Food away from home	939	964	898	996	911	1,177	890
Alcoholic beverages	2,186	2,669	2,186	2,458	2,529	3,064	2,669
Housing							
Shelter	360	450	389	431	412	744	434
Owned dwellings	12,666	17,893	13,754	16,937	17,106	20,877	17,973
Rented dwellings	7,359	11,624	8,889	10,334	10,975	13,795	11,245
Other lodging	4,791	7,180	5,308	7,291	6,591	8,351	7,607
Utilities, fuels, and public services	2,084	3,763	3,006	2,081	3,829	4,671	2,590
Household operations	483	681	575	962	555	772	1,047
Housekeeping supplies	2,628	2,885	2,566	3,130	2,500	2,548	2,864
Household furnishings and equipment	680	1,084	671	925	1,082	1,465	1,104
Apparel and services	496	542	395	590	468	575	497
Transportation	1,503	1,757	1,233	1,958	2,080	2,494	2,263
Vehicle purchases (net outlay)	1,799	3,000	1,698	2,539	2,066	2,775	1,998
Gasoline and motor oil	7,526	7,295	6,342	8,189	8,104	9,492	7,647
Other vehicle expenses	3,499	2,776	2,332	3,739	3,062	4,206	3,036
Public transportation	1,285	1,044	1,080	1,284	1,525	1,519	1,301
Health care	2,329	2,497	2,395	2,346	2,988	2,834	2,449
Entertainment	413	977	536	820	530	932	861
Personal care products and services	2,124	2,128	1,983	2,136	1,905	2,170	2,285
Reading	1,909	2,183	1,754	2,317	1,968	2,383	3,033
Education	524	656	455	612	622	612	632
	144	195	193	158	148	266	205
	640	974	894	1,019	721	1,086	599

*Components of income and taxes are derived from "complete income reporters" only.

Table 2. Average annual expenditures and characteristics of all consumer units, U.S. average and selected large metropolitan areas, Consumer Expenditure Survey, 2000-01, continued

Item	United States Average	New York	Boston	Chicago	Los Angeles	San Francisco	Washington D.C.
Tobacco products and smoking supplies	313	289	369	315	194	224	201
Miscellaneous	763	1,317	556	899	996	1,000	917
Cash contributions	1,237	1,353	666	2,211	1,172	1,486	1,419
Personal insurance and pensions	3,552	4,097	3,388	3,591	4,077	6,031	5,304
Total (percent)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food	13.5	13.3	14.0	12.1	12.7	12.4	11.5
Food at home	7.9	7.8	8.2	6.9	7.1	7.0	6.0
Cereals and bakery products	1.2	1.2	1.2	1.1	1.0	1.1	0.9
Meats, poultry, fish, and eggs	2.1	2.3	2.3	1.7	2.0	1.8	1.4
Dairy products	0.8	0.8	0.9	0.7	0.8	0.7	0.6
Fruits and vegetables	1.3	1.5	1.5	1.2	1.3	1.3	1.2
Other food at home	2.4	2.0	2.4	2.1	2.0	2.1	1.8
Food away from home	5.6	5.5	5.8	5.2	5.6	5.5	5.5
Alcoholic beverages	0.9	0.9	1.0	0.9	0.9	1.3	0.9
Housing	32.6	37.1	36.4	36.0	37.8	37.2	37.3
Shelter	19.0	24.1	23.6	22.0	24.3	24.6	23.3
Owned dwellings	12.3	14.9	14.1	15.5	14.6	14.9	15.8
Rented dwellings	5.4	7.8	8.0	4.4	8.5	8.3	5.4
Other lodging	1.2	1.4	1.5	2.0	1.2	1.4	2.2
Utilities, fuels, and public services	6.8	6.0	6.8	6.7	5.5	4.5	5.9
Household operations	1.8	2.2	1.8	2.0	2.4	2.6	2.3
Housekeeping supplies	1.3	1.1	1.0	1.3	1.0	1.0	1.0
Household furnishings and equipment	3.9	3.6	3.3	4.2	4.6	4.4	4.7
Apparel and services	4.6	6.2	4.5	5.4	4.6	4.9	4.1
Transportation	19.4	15.1	16.8	17.4	17.9	16.9	15.9
Vehicle purchases (net outlay)	9.0	5.8	6.2	7.9	6.8	7.5	6.3
Gasoline and motor oil	3.3	2.2	2.9	2.7	3.4	2.7	2.7
Other vehicle expenses	6.0	5.2	6.3	5.0	6.6	5.1	5.1
Public transportation	1.1	2.0	1.4	1.7	1.2	1.7	1.8
Health care	5.5	4.4	5.3	4.5	4.2	3.9	4.7
Entertainment	4.9	4.5	4.6	4.9	4.4	4.2	6.3
Personal care products and services	1.4	1.4	1.2	1.3	1.4	1.1	1.3
Reading	0.4	0.4	0.5	0.3	0.3	0.5	0.4
Education	1.6	2.0	2.4	2.2	1.6	1.9	1.2
Tobacco products and smoking supplies	0.8	0.6	1.0	0.7	0.4	0.4	0.4
Miscellaneous	2.0	2.7	1.5	1.9	2.2	1.8	1.9
Cash contributions	3.2	2.8	1.8	4.7	2.6	2.6	2.9
Personal insurance and pensions	9.2	8.5	9.0	7.6	9.0	10.7	11.0